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MARRIOTT CORPORATION



INTRODUCTION



Through the analysis of this case of Marriott Corporation, an evaluation of the company's debt management, risk and investment policies is done. It focuses on understanding the key issues, choices made by Marriott's management and explains how the organisation attempted to manage the company's financial dynamics, while aspiring to achieve increased future performance.

KEY ISSUES ADDRESSED

The major challenges that are evident in the Marriott Corporation case relate to capital structure, cost of capital and investment decision. Marriott's management had to consider the imperative of expansion against the risk involved in the use of debt. This case also discusses how the company has set its hurdle rates to its divisions that were very instrumental in evaluating its investment proposals.



STRATEGIC FINANCIAL DECISIONS

Marriott's management employed a unique strategy of separating its operations into three distinct divisions: guest accommodation provided under lodging, services wherein contracts are signed for availing facilities provided under contracts cannot be availed in restaurants amongst others. Every division was exposed to different risks and had different prospects in terms of growth and profitability and thus the different financial strategies that had to be adopted.

CONCLUSION

The Marriott Corporation case solution emphasize on the strategic management of financial resources in order to align corporate goals. Through the comprehension of the cost of capital, risk assessment, and investment possibilities, Marriott remained consistent in the hospitality business. It is an ideal case where companies seeking to improve their balance sheet while minimizing risk can use as a model.

RESOURCE

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